

## **SEBI issues draft norms for setting up infrastructure investment trusts to gain more investments**

The Securities and Exchange Board of India (Sebi) on Thursday issued draft rules for setting up infrastructure investment trusts in an attempt to channel more investments into the infrastructure sector.

The draft rules come on the heels of the finance minister's announcement in the recent Union Budget that infrastructure investment trusts (InvITs) would have a similar tax-efficient pass through status for PPP and other infrastructure projects.

Sebi has proposed that infrastructure investment trusts would be able to invest in infrastructure projects, either directly or through an SPV. In the case of PPP projects, such investments would only be through SPV.

If an infrastructure investment trusts proposes to invest at least 80 per cent of the value of the assets in the completed and revenue-generating Infrastructure assets, it would be able to raise funds only through public issue of units, the regulator said on Thursday.

The minimum subscription size and trading lot for such an infrastructure investment trust would be Rs 5 lakh. The balance 20 per cent could be invested in under construction infrastructure projects and other permissible investments, Sebi said. The regulator also said listing would be mandatory for both publicly offered and privately-placed infrastructure investment trusts.

In its discussion paper, Sebi had said that several existing infrastructure projects which are under development in India are delayed and 'stressed' on account of various reasons including increasing debt finance costs, lack of/locked up equity of private investors in projects precludes them from an interest in undertaking new projects, lack of international finance flowing to Indian infrastructure projects, project implementation delays caused by various factors like global economic slowdown, cost overruns, inability of concessionaire to meet funding requirements on time, etc.

Infrastructure investment trusts are expected to provide an additional framework for investments in roads, ports and highways considering that the country requires an investment of around Rs 65 lakh crore during 2012-2017, the regulator said.

*(Economic Times)*